

Message Text

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ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AF-08 ARA-06 EA-07

NEA-10 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08

FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06

PRS-01 SP-02 FEAE-00 OMB-01 /131 W

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FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 2187

USMISSION EC BRUSSELS

AMEMBASSY OTTAWA

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ACTION STR

H PASS CODEL

E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJECT: CANADIAN DRAFT CODE ON SUBSIDIES/CVD

REF: 76 MTN GENEVA 9899

1. SUMMARY: NEW CANADIAN DRAFT ON SUBSIDIES/CVD, A CLEARER, BETTER ORGANIZED DOCUMENT THAN FIRST DRAFT, CONTAINS MANY REVISIONS THAT REFLECT US COMMENTS RAISED WITH CANADA LAST DECEMBER (REFTEL). NO CHANGE WAS MADE TO IMPORTANT US PROBLEM AREA OF PRIOR APPROVAL FOR COUNTERMEASURES. LATEST DRAFT ALSO INCLUDES NEW AND UNHELPFUL ALTERNATIVE REQUIRING INJURY DETERMINATION BEFORE CVD ON PROHIBITED SUBSIDIES. END SUMMARY.

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2. CANADIAN DRAFT CODE ON SUBSIDIES/CVD (MTN/NTM/W/80) ISSUED BY GATT SECRETARIAT ON 19 JANUARY (COPIES HAND CARRIED TO STR WOLFF BY GRAEF). THIS TELEGRAM CONTAINS SUMMARY OF OUR PRELIMINARY COMMENTS (NEWKIRK HAND-CARRYING MEMO WITH FULLER EXPOSITION).

3. CANADIAN INTRODUCTORY COMMENTS NOTE THAT THEY HAVE

TAKEN ACCOUNT OF VIEWS BY OTHER DELEGATIONS AND, WHERE CERTAIN VIEWS DIVERGE, ALTERNATIVE PROVISIONS ARE PRESENTED. READERS IN WASHINGTON WILL ACCORDINGLY FIND THIS DRAFT IS MORE IN THE NATURE OF AN OUTLINE OF MATTERS TO BE NEGOTIATED WITH ALTERNATIVE (AND CONFLICTING) VERSIONS RATHER THAN A SPECIFIC PROPOSAL. THE INTRODUCTION ALSO NOTES THAT ALTHOUGH THE DRAFT ALSO TAKES CANADIAN VIEWS INTO ACCOUNT, "... IT DOES NOT CONSTITUTE A STATEMENT OF THE CANADIAN POSITION ON THE VARIOUS ISSUES IN THE AREA OF SUBSIDIES AND COUNTERVAILING MEASURES.

4. US MTN DEL FINDS THE NEW DRAFT IS CLEARER AND BETTER ORGANIZED THAN THE FIRST DRAFT AND INCORPORATES MANY REVISIONS THAT ACCOMMODATE US COMMENTS PRESENTED TO THE CANADIANS LAST DECEMBER (REFTEL). SECTIONS REVISED TO ACCOMMODATE US VIEWS INCLUDE SUBSIDY RULES ON PRIMARY AGRICULTURAL AND FISHERY PRODUCTS, MATERIAL INJURY, COUNTERMEASURES, REGIONALITY, COUNTERMEASURES ON IMPORT SUBSTITUTION, COMBINATION OF LIST/DEFINITION APPROACH TO EXPORT SUBSIDIES, LIST OF EXPORT SUBSIDIES AND PROVISIONS FOR COMING INTO FORCE. US COMMENTS ARE REFLECTED, BUT TO A LESSER EXTENT, IN REVISIONS ON PROVISIONS FOR SPECIAL AND DIFFERENTIAL TREATMENT FOR LDC'S, THE DEFINITION OF "TOEHR SUBSIDIES", AND TRANSNATIONAL CORPORATIONS.

5. SOME IMPORTANT SECTIONS, HOWEVER, HAVE NOT BEEN MODIFIED OR CONTAIN ONLY MINOR CHANGES. THESE INCLUDE PRIOR APPROVAL OF COUNTERMEASURES, DISPUTE SETTLEMENT, LIMITED OFFICIAL USE

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GENERAL PROVISIONS AND RETROACTIVITY. UNFORTUNATELY, THE SECTION ON COUNTERMEASURES TAKES A BACKWARD STEP BY PRESENTING THE ALTERNATIVE OF IMPOSING COUNTERMEASURES ON PROHIBITED SUBSIDIES WITH REPEAT WITH AN INJURY REQUIREMENT IN ADDITION TO THE NO INJURY PROCEDURE CONTAINED IN THE FIRST DRAFT. SEVERAL OTHER ADDITIONS HAVE BEEN MADE INCLUDING EXPLICIT PROVISIONS FOR RULES ON "OTHER SUBSIDIES" GRANTED TO PRIMARY AGRICULTURAL AND FISHING PRODUCTS, AN UNQUALIFIED REQUIREMENT TO PUBLISH DECISIONS AND A SUGGESTED TREATMENT OF STATE-CONTROLLED-ECONOMY COUNTRIES.

6. WE BELIEVE MAJOR PROBLEM AREAS ARE: (1) PRIOR APPROVAL OF COUNTERMEASURES, (2) WORKABLE PROVISIONS ON S&D FOR LDC'S, (3) THE ALTERNATIVE OF AN INJURY REQUIREMENT WHEN TAKING COUNTERMEASURES OR PROHIBITED EXPORT SUBSIDIES, AND (4) DISPUTE SETTLEMENT. US MTN DEL WILL FORWARD RECOMMENDATIONS ON THESE ISSUES AT A LATER DATE. WALKER

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Control Number: n/a
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Sent Date: 21-Jan-1977 12:00:00 am
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Disposition Approved on Date:
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TAGS: ETRD, CA, MTN
To: STATE EC BRUSSELS
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